



March 17, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Honorable Board of Commissioners
Los Angeles County
Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors/Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3-D March 31, 2020

A handwritten signature in black ink, appearing to read "Celia Zavala".

CELIA ZAVALA
EXECUTIVE OFFICER

**RESOLUTIONS DECLARING INTENT TO AUTHORIZE AND IMPLEMENT THE ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS FOR CONSTRUCTION OF AFFORDABLE
MULTIFAMILY HOUSING IN THE CITY OF LA PUENTE AND AUTHORIZE EXECUTION OF AN
INTERLOCAL COOPERATION AGREEMENT
(DISTRICT 1) (3 VOTES)**

SUBJECT

This letter recommends that the County of Los Angeles (County) Board of Supervisors and that the Board of Commissioners of the Los Angeles County Development Authority (LACDA) adopt Resolutions required to authorize and implement the issuance of multifamily housing revenue bonds to finance the acquisition and rehabilitation of Sunny Gardens Senior Apartments, an affordable 95-unit multifamily housing development located in the City of La Puente in the County of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that adoption of a Resolution is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign a Resolution, as required under Section 147(f) of the Internal

Revenue Code of 1986, approving a plan of financing and authorizing the issuance of multifamily revenue bonds or notes by the LACDA in an amount not to exceed \$20,000,000 (Bonds) for Sunny Gardens GP, LLC. (Borrower), or an approved affiliate or assignee thereof to finance the site acquisition and rehabilitation of the Sunny Gardens Senior, a 95-unit multifamily rental housing development project located at 13712 Sunkist Drive, in the City of La Puente, County of Los Angeles (Project).

3. Approve and delegate authority to the LACDA to act as the agent of the County and to execute an Interlocal Cooperation Agreement (Cooperation Agreement) between the County and the City of La Puente and authorize the LACDA to perform related tasks to complete the bond issuance for the Project.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that adoption of a Resolution is not subject to the provisions of CEQA because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign a Resolution, as required under Treasury Regulations, declaring its intent to issue of multifamily housing revenue bonds or notes by the LACDA in an amount not to exceed \$20,000,000 (Bonds) for Sunny Gardens GP, LLC. (Borrower), or an approved affiliate or assignee thereof to finance the site acquisition and rehabilitation of the Project.
3. Authorize the Acting Executive Director, or designee, to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation on an aggregate amount not exceeding \$20,000,000 for the purposes described herein.
4. Approve the designation to act on behalf of the County and authorize and instruct the Acting Executive Director, or designee, to execute, and if necessary, amend the Cooperation Agreement, and to perform related tasks to complete this Bond issuance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve a plan of financing and authorize the LACDA to issue the Bonds and to comply with state and federal regulations required to implement the future issuance of the Bonds in an aggregate amount not exceeding \$20,000,000 to finance the acquisition and rehabilitation of the Project.

The Project, is located at 13712 Sunkist Drive in the City of La Puente and consists of a mix of 94 one-bedroom units and one two-bedroom unit. Ninety-four (94) units are restricted to senior households with incomes not to exceed 50% of Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development. The affordability requirements will remain in effect for 55 years. The two-bedroom unit will be set-aside for the property manager and will have no affordability requirements.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Bonds will be repaid solely through rent revenues collected by the Borrower. The Borrower will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Adoption of the Resolution by the County Board of Supervisors authorizing issuance of the Bonds constitutes approval of the financing plan and bond issuance as the local government having jurisdiction over the Project area. This action is required prior to the LACDA's submission of an application to CDLAC for private activity bond allocation. This action does not, however, authorize the issuance and sale of the Bonds. The LACDA will return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the LACDA's Board of Commissioners declares the intent to issue the Bonds, and is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the Bonds. The Resolution is also required to complete the LACDA's application to CDLAC.

The Resolution also authorizes the Acting Executive Director of the LACDA to enter into an Interlocal Cooperation Agreement with the City of La Puente on the County's behalf as required by California Health and Safety Code Section 52086. The attached draft Cooperation Agreement will authorize the County to issue bonds in the City of La Puente.

On February 24, 2020, the LACDA conducted a hearing at its office located at 700 West Main Street in Alhambra regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the Bonds or the nature and location of the Project.

On February 25, 2020, the City Council for the City of La Puente authorized issuance of the Bonds within the City by the LACDA and execution of the Cooperation Agreement.

The Resolutions were prepared by Kutak Rock, LLP, LACDA Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The proposed actions are not a project pursuant to CEQA because they involve activities that are excluded from the definition of a project by Section 15378 (b)(5) of the State CEQA guidelines. The proposed actions are administrative activities of government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

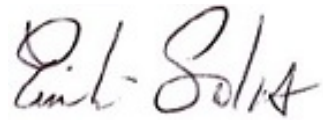
The proposed actions are a necessary step to provide bond financing for the Project, which will increase the supply of affordable multifamily housing in the County with long-term affordability.

The Honorable Board of Supervisors

3/17/2020

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is fluid and cursive, with the first name "Emilio" and last name "Salas" clearly distinguishable.

Emilio Salas

Acting Executive Director

ES:LK:LN:DR:RM

Enclosures

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY OFFICIAL DECLARATION OF INTENT TO UNDERTAKE
THE FINANCING OF A MULTIFAMILY HOUSING PROJECT AND RELATED ACTIONS

WHEREAS, the Los Angeles County Development Authority (the “LACDA”), is authorized and empowered by the provisions of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the “Act”) to issue and sell mortgage revenue bonds or notes as part of a plan of financing for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, Alliance Property Group, Inc., which will form a limited partnership whose general partner is expected to be Sunny Gardens GP, LLC (or an LACDA approved affiliate or assignee) (the “Borrower”), has requested that the LACDA issue and sell its mortgage revenue bonds or notes pursuant to the Act to provide financing (including reimbursement of Borrower’s expenditures) for the acquisition, construction, development and rehabilitation of a multifamily rental housing development consisting of 95 units to be located at 13712 Sunkist Drive, La Puente, CA 91746 located in the City of La Puente and in the County of Los Angeles (the “Project”); and

WHEREAS, this Board of Commissioners of the LACDA (the “Board”) hereby finds and declares that it is necessary, essential and a public purpose for the LACDA to finance multifamily housing projects pursuant to the Act, in order to increase the supply of multifamily housing in Los Angeles County available to persons and families within the income limitations established by the Act; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to adopt this resolution (this “Resolution”) and to authorize the issuance of mortgage revenue bonds or notes by the LACDA to finance the Project (the “Bonds”) in a principal amount not to exceed \$20,000,000; and

WHEREAS, the LACDA, in the course of assisting the Borrower in the financing of the Project expects that the Borrower has paid or may pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project within 60 days prior to the adoption of this Resolution and may incur additional Reimbursement Expenditures within 60 days prior to the adoption of this Resolution and prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.142-4 and Section 1.150-2 of the Treasury Regulations require the LACDA to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the "Government Code") governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue multifamily housing mortgage revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of multifamily housing mortgage revenue bonds; and

WHEREAS, the City of La Puente has approved the issuance by the LACDA of the Bonds for the Project within the City of La Puente;

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by the Act.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board hereby determines that it is necessary and desirable to provide a plan of financing for the Project by the issuance and sale of mortgage revenue bonds or notes pursuant to the Act and hereby authorizes the issuance and sale of the Bonds in one or more series from time to time by the LACDA pursuant to a plan of financing, in aggregate principal amounts not to exceed \$20,000,000. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, provided that nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the LACDA or any officer, agent or employee of the LACDA will grant any approval, consent or permit which may be required in connection with the acquisition and construction or rehabilitation of the Project or the issuance of the Bonds.
3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be agreed upon by the LACDA and the Borrower and the initial purchasers of the Bonds; provided, however, that the Bonds shall not be sold or issued unless specifically authorized by the subsequent resolution of this Board.
4. This Resolution is being adopted by the LACDA for purposes of establishing compliance with the requirements of Section 1.142-4 and Section 1.150-2 of the Treasury Regulations. In that regard, the LACDA hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this Resolution does not bind the LACDA to make any expenditure, incur any indebtedness, or proceed with the Project.
5. The proper officers of the LACDA are hereby authorized and directed to apply to CDLAC for a private activity bond allocation for application by the LACDA to the issuance the Bonds in one or more series from time to time for the Project in an amount not to exceed \$20,000,000, to collect from the Borrower an amount equal to the

performance deposit required by CDLAC and to certify to CDLAC that such amount has been placed on deposit in an account in a financial institution.

6. The proper officers of the LACDA are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by this Board in the matter provided by law prior to the sale thereof.

This Resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank]

PASSED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority, State of California, this 31st day of March, 2020, by the following vote:

AYES: Supervisors Solis, Ridley-Thomas, Kuehl, Hahn and Barger

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By: Karmyn Barger
Chair of the Board of Commissioners

ATTEST:

CELIA ZAVALA
Executive Officer-Clerk
of the Board of Commissioners

By: Lachelle Smithman
Deputy



APPROVED AS TO FORM:

MARY C. WICKHAM,
County Counsel

By: Belenz Pishal
Deputy

INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT (this “Agreement”) is entered into as of [____], 2020 by and between the City of La Puente (“City”), and the County of Los Angeles, a political subdivision of the State of California, (“County”), pursuant to the provisions of Section 52086 of the Health and Safety Code of the State of California (the “Law”) for the purpose of evidencing the agreement of City and County to cooperate with one another in the exercise of their powers pursuant to the provisions of Chapter 7 of Part 5 of Division 31 and Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “Act”), to permit County acting through the Los Angeles County Development Authority (“LACDA”) to issue revenue bonds or notes for the purpose of financing the acquisition, construction and rehabilitation of multifamily rental housing located in the City.

WHEREAS, [____] (the “Borrower”), having [____], as a managing general partner and [____], as administrative partner, has requested that County issue its revenue bonds or notes pursuant to the Act for the purpose of financing the acquisition, construction and rehabilitation of Sunny Gardens Senior Apartments, a multifamily residential rental housing project (the “Project”) located at 13712 Sunkist Drive in the City; and

WHEREAS, LACDA has applied to the California Debt Limit Allocation Committee for an allocation of federal tax exempt volume cap for purposes of financing the Project; and

WHEREAS, the Law authorizes a county and one or more cities within the county to enter into agreements to join or cooperate with one another in the exercise jointly, or otherwise, of any or all of their powers for the purpose of financing multifamily rental housing development pursuant to the Act; and

WHEREAS, the Project is located within the City and such Agreement is required and City is located within the County.

NOW, THEREFORE, City and County hereby agree, pursuant to the provisions of the Act, as follows:

Section 1. The recitals above are true and correct.

Section 2. LACDA shall issue its revenue bonds or notes in accordance with the Act in one or more series for the purpose of financing the Project. City hereby consents to the issuance by LACDA of such revenue bonds or notes (the “Bonds”) and to the use of the proceeds of the Bonds to finance the acquisition, construction and rehabilitation of the Project.

Section 3. City agrees to cooperate with County and LACDA to facilitate the issuance of the Bonds, and shall take such actions as are reasonably requested by LACDA to permit the issuance of Bonds including, without limitation, taking such actions as are necessary to comply

with the requirements of the Internal Revenue Code of 1986 (the “Code”) with respect to the issuance of the Bonds. Without limiting the generality of the foregoing, City submitted the proposed issuance of Bonds by the LACDA to finance the acquisition, construction and rehabilitation of the Project to the City Council of the City for consideration for approval pursuant to the requirements of Section 147(f) of the Code. The City acknowledges that the County acting through LACDA noticed a public hearing with respect to the issuance of the Bonds and the financing of the Project and that such hearing was conducted by the LACDA. The City hereby ratifies such action on the part of the LACDA and adopts such hearing for purposes of the Code.

Section 4. Any Bonds issued under and pursuant to the terms of this Agreement shall be obligations solely of LACDA, and the City shall not be obligated thereon or with respect thereto.

Section 5. The City hereby agrees and acknowledges that the terms, conditions and provisions of any Bonds issued pursuant to this Agreement shall be determined in the sole and absolute discretion of LACDA, and that no further review or approval thereof shall be required by the City; provided, LACDA shall, upon the issuance of the Bonds, cause the Borrower to pay all expenses of the City in connection with the Bonds and the Project and shall cause the Borrower to indemnify, hold harmless and defend the City and each of its officers, supervisors, officials, employees, attorneys and agents in the same manner as the indemnification by the Borrower of the County and LACDA.

Section 6. Nothing herein shall obligate the City to expend any funds or incur any expenses. Nothing herein shall be interpreted to obligate any payment of any kind by the County or LACDA to the City or by the City to the County or LACDA.

Section 7. Each of the County and the City represents and warrants that it has all necessary power and authority to enter into this Agreement, and that it has taken all such actions and received all such approvals as are necessary to authorize the execution and performance of this Agreement.

Section 8. This Agreement is entered into under and pursuant to the laws of the State of California and shall be effective immediately upon its execution and delivery by the parties hereto.

Section 9. This Agreement may be entered into in one or more counterparts, each of which shall be considered an original for all purposes.

Section 10. If any provision of this Agreement is, for any reason, unenforceable, such provision shall be void and of no further force and effect, and the remainder of this Agreement shall remain binding and enforceable against the parties hereto.

[Remainder of page left blank]

This Agreement is entered into by the County and the City as of the date first set forth above.

CITY OF LA PUENTE, as City

By _____
Name:
Title:

APPROVED AS TO FORM:

By: _____
Name:
Title:]

THE COUNTY OF LOS ANGELES, as
County

By: Los Angeles County Development
Authority

By: _____
Acting Executive Director or Designee

Print Name

APPROVED AS TO FORM:

COUNTY OF LOS ANGELES
Mary C. Wickham, County Counsel

By: _____
Senior Deputy